



**STATE OF TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE  
REAL ESTATE APPRAISER COMMISSION  
500 JAMES ROBERTSON PARKWAY, SUITE 620  
NASHVILLE, TENNESSEE 37243  
615-741-1831**

**August 13, 2007  
Room 160, Davy Crockett Tower**

The Tennessee Real Estate Appraiser Commission met August 13, 2007, at 2:35 p.m. in Nashville, Tennessee, at the Davy Crockett Tower in Room 160. Chairman William R. Flowers, Jr. called the meeting to order, and the following business was transacted.

**COMMISSION MEMBERS PRESENT**

Edward A. Baryla, PhD  
Marc Headden  
William R. Flowers, Jr.  
James E. Wade, Jr.  
John Bullington  
Kenneth Woodford  
Herbert Eugene Phillips

**COMMISSION MEMBERS ABSENT**

Jason West

**STAFF MEMBERS PRESENT**

Nikole Avers, Administrative Director  
Bethany Heuer, Staff Attorney  
Angie Smith, Administrative Assistant

**ADOPT AGENDA**

The Commission voted to adopt the agenda. Mr. Bullington made the motion to accept the agenda and it was seconded by Mr. Headden. Motion carried unopposed.

**MINUTES**

The July 2007 minutes were reviewed. Mr. Bullington made the motion to accept the minutes as written. It was seconded by Mr. Headden. Motion carried unopposed.

## GENERAL BUSINESS

### New Commission Members

Mr. Flowers welcomed new Commission Members Dr. Edward Baryla, the new education member, and Mr. Kenneth Woodford and Mr. Herbert E. Phillips, both appraiser members. Mr. Flowers expressed his gratitude for time served from past Commission members Mr. Sam Pipkin, Dr. Richard Evans and Mr. Luther Bratton. Staff procured wall plaques for these Commission members to thank them for their service and thank you cards were signed and will be sent to these former members.

### Education Committee Report

Edward Baryla reviewed the Education Report as submitted by staff. He recommended denial of the course provider Stacy Dudley's "Real Trac 1" course, because the content did not meet the requirements of the AQB for continuing education as outlined in Tennessee's rules. In addition, the individual course approval for Gregory Bonneville for the course "Landlord and Tenant Law in Tennessee" also does not meet the continuing education content requirements. He further recommended that the individual course approval for Candace Shields for the class "Principles of Real Estate" not be approved because it did not meet the course content requirements for Qualifying Education as outlined by the AQB and adopted in the Commission's rules. Dr. Baryla felt the courses were not appraisal courses but, were real estate courses. Dr. Baryla made recommendation to approve of all other course approval requests as outlined on the education report. Mr. Headden made the motion to deny approval for the one course submitted by Stacy Dudley and the two individual courses submitted by Gregory Bonneville and Candace Shields and to approve all the other courses. Mr. Wade seconded that motion. The motion carried unopposed. The following are the courses and individual approvals from the education report:

### EDUCATION COMMITTEE REPORT August 13, 2007

Course Provider	Course Number	Course Name	Instructors	Credit Hours	Credit Type
McKissock	1108	Mortgage Fraud: Protect Yourself	Ken Guifoyle	7	CE
Mckissock	1112	On-Line Private Appraisal Assignments	Chuck Fisher	7	CE
Appraisal Institute	1110	On-Line What Commercial Clients Would Like Appraisers to Know	Jim Amarin	7	CE
Appraisal Institute	1111	On-Line Introduction to International Valuation Standards	Danny Wiley	8	CE
Appraisal Institute	1113	Valuation of Conservation Easements	Frank Harrison Charles Rex	33	CE
Appraisal Institute	1115	On-Line Feasibility. Market Value, Investment Timing: Option Value	Kenneth Lusht	7	CE

Stacy Dudley	1109	RealTrac I	Various	3	<b>Not Approved</b>
Dennis Badger	1114	Beginning Income Capitalization	Dennis Badger Tom Veit	7	CE

### Individual Course Approval

Name	Course Provider	Course Name	Hours	Credit Type
Albert Behnke	CCIM	Financial Analysis for Commercial Investment Real Estate	36	CE
Gregory Bonneville	Lorman Education Services	Landlord and Tenant Law in TN	7	<b>Not Approved</b>
Candace Shields	Florida Atlantic University	Real Estate Appraisal Principles of Real Estate	45 45	QE <b>Not Approved</b>

### Informal Conferences

Mr. Bullington recommended the Administrative Director, Ms. Nikole Avers, continue to attend the informal conferences. Mr. Bullington stated it is imperative to have the Director in the informal conferences. Mr. Bullington stated Ms. Avers and Bethany Heuer should both be in attendance so that discussions could be noted, if necessary, and outcomes followed up on. Mr. Bullington stated Ms. Avers is in the office everyday and knows all the open complaints thoroughly and is knowledgeable about the laws, rules, and USPAP. Mr. Phillips also agreed Ms. Avers should be in the informal conferences. Mr. Headden clarified during discussion that it is the Commission members responsibility to determine how much participation is needed from the Director and the Staff Attorney; and, additionally, that the Commission member should retain control of the discussion because the Director must handle the day to day business of the Commission and licensees must not feel they cannot work with the Director. Mr. Headden made the motion to accept the recommendation to have the Administrative Director, Ms. Avers, present in the informal conferences. Mr. Bullington seconded the motion. The motion carried unopposed.

### Julianne Clarke

Ms. Avers represented the matter of applicant Julianne Clarke which was originally presented during the June meeting. It was found during that meeting that Ms. Clarke's appraisals were not USPAP compliant because though she contributed to the assignment, she was never identified on the appraisal as having contributed significantly to the appraisal assignment. Ms. Avers contacted both a representative from the AQB and from the ASC for an opinion on the experience submitted by Ms. Clarke. John Brennan from the ASC stated that, "When an applicant doesn't sign the appraisal reports submitted for credit and is not disclosed as providing "significant real property appraisal assistance," it creates a conundrum where the experience will not count. This is due to the fact that if the applicant did enough work to rise to the level of "significant real property appraisal assistance" but was not disclosed as having done so, then the reports do not comply with USPAP and are ineligible for experience credit. If the applicant's assistance did not rise to the level of "significant real property appraisal assistance" then the applicant's contribution does not meet the AQB criteria necessary for experience credit." Mr. Weinberg from the ASC agreed with the statements of Mr. Brennan. Ms. Avers and Ms. Heuer investigated the possibility of issuing Ms. Clarke a licensed appraiser credential, instead of the requested certified residential, and reporting that her license was not AQB compliant to the ASC for the Federal Registry. Staff and Legal Counsel could not find anything in the rules or laws of Tennessee which would prevent the

Commission from issuing such a license and they recommended approval of her application as a non-AQB complaint license level credential. Mr. Wade recommended approval of this recommendation. Mr. Bullington seconded that motion. The motion carried unopposed.

#### **Applicants from non-reciprocal states**

Ms. Avers posed the question to the Commission as to how do we handle applicants applying for State license from non-reciprocal state that are claiming education hours that are not on our approved course listing. Mr. Headden recommended applicants applying for licensure or certification from non-reciprocal state should submit individual course approval for all education courses not previously approved with by the Tennessee Real Estate Appraiser Commission. Mr. Bullington seconded that motion. The motion carried unopposed.

#### **Laurette Ann Thymes**

Ms. Avers discussed the application submitted by Laurette Ann Thymes. She stated the courses submitted are not approved appraisal courses and the subject matters are not acceptable course content as per the AQB. The experience is not acceptable as per the guidelines set forth in the Tennessee rules for appraisal experience and as outlined by the AQB. Ms. Avers informed the Commission that Ms. Thymes intended to contact Commission members pertaining to this to appeal the denial of her application. Ms. Heuer advised the Commission members to refer Ms. Thymes back to staff to discuss this matter.

### **EXPERIENCE INTERVIEWS**

**Darryl Lee Thornton**, made application to upgrade from certified residential to certified general appraiser. Mr. Headden stated the commercial appraisals submitted were not satisfactory. Mr. Headden and Mr. Flowers were the reviewers. Mr. Headden and Mr. Flowers recommended approval of his experience and application after Mr. Thornton submits proof of successful completion of two additional Income Capitalization courses, a Highest and Best Use course, a Scope of Work course and three new appraisal reports for review. He further stated that no attendance at a second experience interview would be required at this time. Mr. Bullington made the motion to accept the recommendation and Mr. Wade seconded the motion. The motion carried unopposed.

**Larry Cunningham**, made application to upgrade from registered trainee to a certified general appraiser. Mr. Headden and Mr. Flowers were the reviewers and recommended approval. Mr. Bullington made the motion to accept the recommendation and Mr. Wade seconded the motion. The motion carried unopposed.

**Dwinn Terry**, made application to upgrade from a registered trainee to a certified residential appraiser. Mr. Headden was the reviewer and recommended to deny the application due to open complaint that involved the appraisals submitted for review. Mr. Wade made the motion to accept the recommendation and Mr. Bullington seconded the motion. The motion carried unopposed.

**Robert Knapp**, made application to upgrade from a registered trainee to a certified residential appraiser. Mr. Flowers was the reviewer and recommended approval. Mr. Headden made the motion to accept the recommendation and Mr. Phillips seconded the motion. The motion carried unopposed.

**William Balthrop**, made application to upgrade from a registered trainee to a certified residential appraiser. Mr. Bullington was the reviewer. He recommended the applicant submit three additional income producing property appraisal reports. Mr. Bullington recommended approval upon completion of reports and satisfactory review. He stated a second experience interview would not be required at this time. Mr. Headden made the motion to accept recommendation and Mr. Wade seconded the motion. The motion carried unopposed.

**Pamela Reese**, made application to upgrade from a registered trainee to a certified residential appraiser. Mr. Bullington was the reviewer and he recommended the applicant submit three additional income producing property appraisal reports. Mr. Bullington recommended approval upon completion of reports and satisfactory review. He stated a second experience interview would not be required at this time. Mr. Headden made the motion to accept recommendation and Mr. Wade seconded the motion. The motion carried unopposed.

**Erica Douglass**, made application to upgrade from registered trainee to a licensed real estate appraiser. Mr. Bullington was the reviewer and recommended approval. Mr. Headden made the motion to accept recommendation and Mr. Phillips seconded the motion. The motion carried unopposed.

**Helen Ashton**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Bullington was the reviewer and recommended approval. Mr. Headden made the motion to accept recommendation and Mr. Wade seconded the motion. The motion carried unopposed.

**Jason Parolini**, made application to upgrade from licensed appraiser to certified residential appraiser. Mr. Bullington was the reviewer and recommended approval. Mr. Bullington suggested Mr. Parolini complete a four day income producing class to improve proficiency, but this was not a requirement of approval. Mr. Headden made the motion to accept recommendation and Mr. Wade seconded the motion. The motion carried unopposed.

**James Carey Hutchins**, made application to upgrade from registered trainee to certified general appraiser. Mr. Flowers was the reviewer. Mr. Flowers stated the appraisals were acceptable and recommended approval. Mr. Headden made the motion to accept recommendation and Mr. Bullington seconded the motion. The motion carried unopposed.

**Larry Cameron**, made application to upgrade from licensed appraiser to certified residential appraiser. Mr. Wade was the reviewer and recommended approval. Mr. Headden made the motion to accept recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

**George Tollett III**, made application to upgrade from licensed appraiser to certified residential appraiser. Mr. Wade was the reviewer and recommended approval. Mr. Headden made the motion to accept recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

**Alexander Shipley**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Wade was the reviewer and recommended denying approval for certified residential appraiser. He stated appraisals submitted were not indicative of a certified residential appraiser. Mr. Wade recommended approval to licensed appraiser at this time. Mr. Headden made the motion to accept recommendation and Mr. Bullington seconded the motion. The motion carried unopposed.

**Elizabeth Weaks**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Wade was the reviewer and recommended denying approval for certified residential appraiser. He stated appraisals submitted were not indicative of a certified residential appraiser. Mr. Wade recommended approval to licensed appraiser at this time. Mr. Headden made the motion to accept recommendation and Mr. Bullington seconded the motion. The motion carried unopposed.

**Merv Norwood**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Phillips was the reviewer and recommended approval. Mr. Bullington made the motion to accept recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

**Anthony Eaton**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Phillips was the reviewer and recommended approval. Mr. Wade made the motion to accept recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

**William E. Sams**, made application to upgrade from licensed appraiser to certified residential appraiser. Mr. Phillips was the reviewer and recommended denying the upgrade application at this time. Mr. Phillips requested two additional appraisal reports and a thirty hour procedure course. Mr. Sams will be required to appear for another experience interview upon completion of reports and the thirty hour procedures class. Mr. Bullington made the motion to accept recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

**Matt Lahey**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Phillips was the reviewer and recommended approval. Mr. Headden made the motion to accept recommendation and Mr. Wade seconded the motion. The motion carried unopposed.

## **LEGAL REPORT**

The following agreed order was presented to the Commission for consideration of approval.

**2005016651 - JESS PRITCHARD**, has agreed to **Voluntary Surrender** his real estate appraiser license in resolution of this complaint due to USPAP errors found and a discipline history of complaints of similar nature.

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### **1. 2007071241 and 2007068691 - Reviewer: Mr. Bullington**

This Respondent is already slated for formal hearing. Legal counsel requested authorization to **combine** these complaint files with two others previously approved for formal hearing for reasons of expediency.

**Vote:** A motion was made to approve the recommendation by Mr. Wade. Mr. Headden seconded that motion. The motion carried unopposed.

**2. 2007068511 - Reviewer: Mr. Bullington**

The Complainant, a fellow practitioner, alleges the respondent performed an appraisal review assignment without being competent to do so.

The Respondent stated that he found absolutely nothing wrong with his review. He thought it was accurate and thorough. He saw no blatant mistakes. Prior Complaint / Disciplinary History: 200312444 (Closed with a Letter of Warning); 200501672 (Closed with a Letter of Caution).

**Recommendation and reasoning:** Mr. Bullington recommended dismissal of this complaint. Mr. Bullington stated that accusations of blatant mistakes should be pointed out clearly; he found no blatant mistakes that violated USPAP; and he states it appears that Respondent has provided a reasonable and acceptable appraisal review that meets USPAP and the rules of the TREAC. Based on Mr. Bullington's review of this report and the additional e-mail information provided to TREAC by both parties, he is of the opinion that the complaint is without merit and must be **dismissed**.

**Vote:** A motion was made by Mr. Woodford to approve the recommendation. Mr. Wade seconded that motion. The motion carried unopposed.

**3. 2007068061 - Reviewer: Mr. Headden**

This Complaint was filed by the TREAC alleging the failure to identify significant appraisal assistance in respondent's appraisal reports. There is also a 2002072861 complaint still open regarding this respondent. Legal Counsel posed the question: does the Commission want to combine these two, and what are the settlement options re: the 2002 case? A discussion was held regarding combining these two complaints. It was decided that combining them may cause confusion of the issues and one might wash out the other; therefore, these two complaints should be considered separately. The Commission originally had a problem with the language of the Agreed Order and that is why it was rejected in the June, 2007 meeting. It was further recommended that Legal Counsel re-word the Agreed Order to include admission of the reviewer's findings pertaining to USPAP violations plus no less than \$4,000.00 civil penalty for settlement. The new complaint (2007068061) was approved for **informal conference**.

**Vote:** A motion was made to approve the recommendation by Mr. Bullington. Mr. Phillips seconded that motion. The motion carried unopposed.

**4. 2007050631 - Reviewer: Mr. Headden**

Complainant alleged that Respondent used inappropriate comps and committed USPAP violations in his appraisal of a residential property.

Respondent stated that his comps were more appropriate than those used by the reviewing appraiser. Respondent states he used 6 comparables, all within 0.6 miles of the subject and two were within the same subdivision. Respondent states that the reviewer falsified data stating that

comparables 2 and 3 have central air conditioning. Respondent states the reviewer misreported the condition of comparables 1 and 2. Prior Complaint / Disciplinary History: None.

**Recommendation and reasoning:** Mr. Headden recommends a **Letter of Caution**, emphasizing the following points: Standard 2-2 (b) (iii); to clearly and accurately describe the subject property; do a better job on the subject description of condition and present/prior use of the subject. Also, analyze the prior sale of the property within the report better (subject sold in May 2006 for \$169,000, and the respondent appraised it in November of 2006 for \$274,000) to describe and explain the sale conditions and renovations regarding these sales. Mr. Headden feels the review appraiser has misled, in that the two comparables he used have been verified to be foreclosed properties. Also, the subject has now sold, January 26, 2007, for within 6% of Respondent's appraised value from November.

**Vote:** A motion was made to approve the recommendation by Mr. Bullington. Mr. Wade seconded that motion. The motion carried unopposed. Mr. Phillips recused from vote.

#### 5. 2007071141

A new complaint was filed against this respondent. He is already slated for formal hearing regarding two other complaints filed and presented to the Commission previously. Legal Counsel requested authorization to **combine** this complaint file with the others for formal.

**Vote:** A motion was made to approve the recommendation by Mr. Headden. Mr. Bullington seconded that motion. The motion carried unopposed.

#### 6. 2007070831- Reviewer: Mr. Wade

A new complaint from Washington Mutual on 3-Rental Properties formerly addressed in complaint 200706150 (Open) previously sent in by Fannie Mae. USPAP violations were noted in the prior complaint by the reviewer. This Respondent is already slated for formal hearing for the first complaint.

The Complainant, an outside agency, submitted three appraisal reviews of residential income properties that the Respondent appraised.

**Complainant stated:**

The listing comparables used were located 14 and 15 miles from the subject; the rental comparables used were from 15 months prior to the effective date of the report and these comparables did not support the estimated rent for the subject property that the appraiser concluded; in addition, all three rentals used were owned by the borrower/owner for each of the three rental properties appraised and the appraiser did not disclose this relationship.

For the first rental property appraised, the appraiser used the *subject* as rental comparable 3 and this information used was inconsistent with information found in the remainder of the appraisal. All sales used were 2 to 4 years old, which was not necessary in this metropolitan location according to the complainant. Complainant stated that comparable two was unused commercial land, and that comparable three had two four-unit dwellings on the site, not one four-unit site as reported. Complainant also stated comparable four



never was recorded on county records as a sale and the MLS information reports the listing as "withdrawn". Additionally, sales and listing used were owned by the owner/borrower.

For the second rental property appraised, the appraiser again used the subject as a rental property and reported inconsistent information pertaining to this subject throughout the report. Additionally, complainant stated that the comparable sale 3 was a single family residence and not a duplex property as noted. Complainant stated sale four never closed per county records and that sales and listing used were owned by the owner/borrower.

The Respondent in this complaint has another open complaint filed by Fannie Mae which pertains to these same three appraisal reports. During the June legal report this complaint was approved for formal hearing or a settlement offer of a consent order for voluntary surrender of the Respondent's appraisal license. Prior Complaint / Disciplinary History: 200206934 (*closed with a letter of caution*); 200504259 (*Closed*); 200706150 (*Open*).

**Recommendation and reasoning:** Mr. Wade recommended **combining** this complaint with the previous complaint for Surrender of License or Formal Hearing for the reasons noted above.

**Vote:** A motion was made to approve the recommendation by Mr. Bullington. Mr. Phillips seconded that motion. The motion carried unopposed.

#### **7. 2007068491 - Reviewer: Mr. Bullington**

The Complainant stated that the respondent over-valued a two unit property by using superior rental comparables.

The Respondent stated as follows:

- The appraisal was based more on the "market value approach" than the income approach to determine the subject's estimated market value;
- No contract was presented;
- Rental data was taken from MLS information;
- Market rent was not considered because the subject property was rented at the time of inspection;
- The subject property was renovated, but the trainee failed to go into details about the renovations that were done;
- Comparable 3 was from a similar neighborhood;
- It appears his trainee only showed rent for the main level and not the lower level and that comparable 3 has 2 levels that were used in the estimated square footage total;
- There were limited duplex comparables in the area and that a mean between all comparables was used to determine the market value.

The trainee has not responded to the complaint at this time.

**Recommendation and reasoning:** From Mr. Bullington's review of the report and the comments provided, he recommended that Respondent should submit four (4) additional income producing reports, of various types, to the Commission for review then also appear for an informal conference. He stated that market rents should always be considered in valuing a fee simple estate. If valuing a leased fee estate, contract rents are used for existing leases and market rents

for renewals. Only considering a single floor indicates a possible misleading outcome. Based on the review of this report and the additional e-mail information provided to TREAC by both parties, Mr. Bullington was of the opinion that the complaint is with merit and recommended this case go to **informal conference**, be brought back to the Commission, and then a consent order be sent, if necessary. Also he recommended approval for formal hearing, if needed.

**Vote:** Mr. Wade made a motion to approve the recommendation. Mr. Headden seconded that motion. The motion carried unopposed.

#### **8. 2007068481 - Reviewer: Mr. Bullington**

The complainant, a fellow practitioner, alleged that respondent over-valued a residential property by using comparables from a superior neighborhood without making adjustments for location. The Complainant provided a review appraisal of the appraisal completed by the Respondent.

The Respondent stated the value opinion was supported by comparables that were similar in age, size and construction. He stated these comparables are located within a three mile radius of the subject property and are within the defined neighborhood. He stated he considered a comparable used by the complainant, but did not use it due to the age of the dwelling and its condition.

Prior Complaint / Disciplinary History: None.

**Recommendation and reasoning:** Mr. Bullington reviewed the report and the comments provided, and stated it appeared that Respondent has provided a reasonable and acceptable appraisal report that meets USPAP and the rules of the TREAC. Based on this review of this report and the additional e-mail information provided to TREAC by both parties, he stated that he was of the opinion that the complaint is without merit. Using the information available, he stated it was apparent that the appraiser has not "over valued" the property of the Complainant and recommend that the complaint be **dismissed**.

**Vote:** A motion was made to approve the recommendation by Mr. Headden. Mr. Phillips seconded that motion. The motion carried unopposed.

#### **9. 2007068071 - Reviewer: Mr. Wade**

The Complainant, a consumer, alleged the Respondent—a licensed appraiser—under-valued a residential property in an appraisal submitted to the appraiser's client, the lender. The lender has issued no complaint as of this date to Mr. Wade's knowledge. The Complainant stated the home is in an historic district with a lake view. He stated the Respondent only took in consideration the previous sale price with a minor appreciation and did not recognize he had purchased the home one year ago under market value. He stated comparable one is in similar condition and is a good comparable. He stated comparable two is not a good comparable because it is a two story home with no lake view. He stated comparable three is over six miles away and is not a good comparable. The Complainant provided two different comparables on the same street.

The Respondent stated as follows:

- There is no indication the Owner purchased the property below market value;
- The subject was listed for \$275,000.00, and complainant paid \$270,000.00;

- The lake view is obstructed by trees and homes across the street, and therefore, no value was given for this feature;
- That information on the condition on comparable one was from interior MLS photos and listed updates;
- Comparable two received reasonable adjustments for property differences;
- Comparable three is not in the immediate area however, it is within similar competing historic district;
- Of the comparables the complainant offered, one was sold at public auction and was more than one thousand square feet smaller than the subject, and the other comparable did not sell until after the effective date of the appraisal.

Prior Complaint / Disciplinary History: 200502051 (dismissed); 200602831 (dismissed)

**Recommendation and reasoning:** Mr. Wade noted possible violations of the USPAP Confidentiality Rule as indicated in the appraiser's response, Standard Rule 1-1, Standard Rule 1-4, and Standard Rule 2-2. Problems with consistency of adjustments in the sales comparison approach, using dated and questionable cost data in cost approach, the use of questionable comparables, and problems in the development of a GRM in the income approach were noted in the review. Mr. Wade recommended that the TREAC approve an **informal conference** with approval for a formal hearing, if necessary.

**Vote:** A motion was made to approve the recommendation by Mr. Bullington. Mr. Phillips seconded that motion. The motion carried unopposed.

#### **10. 2007068121 - Reviewer: Mr. Wade**

The complaint, filed by TREAC, alleged the respondent failed to support adjustments, failed to reconcile value indications, committed errors of omission or commission that significantly affected the appraisal report, failed to reconcile use of a hypothetical condition/extraordinary assumption (i.e.: public water source) in a vacant land appraisal. Additionally, in a second residential appraisal it was alleged the Respondent failed to support adjustments, failed to reconcile value indications, and committed errors of omission or commission that significantly affected the appraisal report.

The Respondent stated in his response letter for the vacant land appraisal that the market value opinion was supported with market data and that the comparables demonstrated reflect the lower middle range of value. The Respondent stated the appraisal was completed "as is" and no hypothetical condition was used and included a photo of the water tap on site. He was not supplied an approved plan of a division of the property, since that requires Planning Commission approval and that no capacity letter was supplied for future development for additional water taps. The comment in the addendum of the report was included to clarify this matter. Prior Complaint / Disciplinary History: 941744 (Consent Order with USPAP and 3 additional reports); 948670 (Closed with Letter of Instruction); 950972 (Closed with Letter of Instruction); 199901545 (Closed with Letter of Warning); 200418224 (Closed with Consent Order \$7,500 Jan-07).

**Recommendation and reasoning:** Mr. Wade noted violations of Standard Rules 1 and 2 including, but not limited to, the appraiser's failure to support adjustments, failure to reconcile value indications, errors of omission or commission that significantly affected the appraisal report, failure to reconcile use of a hypothetical condition/extraordinary assumption in a vacant land appraisal.

And in the second appraisal violations of Standard Rules 1 and 2 including, but not limited to, the appraiser's failure to support adjustments, failed to reconcile value indications, and committed errors of omission and commission that significantly affected the appraisal of a single family residence. Additionally, Mr. Wade noted the appraiser's failure as sponsor to supervise the work of his trainee. Mr. Wade recommended Voluntary Surrender of license or a Formal Hearing. Legal counsel recommended holding an informal conference with this Respondent to develop the facts of the case and understand the prior complaint history.

**Vote:** A motion was made to approve the recommendation by Mr. Bullington and Legal Counsel. Mr. Phillips seconded that motion. The motion carried unopposed.

**Recommendation and reasoning:** Mr. Wade also recommended opening a new separate complaint against the trainee with approval for informal conference and formal hearing, if needed.

**Vote:** A motion was made to approve the recommendation by Mr. Bullington. Mr. Phillips seconded that motion. The motion carried unopposed.

#### **11. 2007069751 - Reviewer: Mr. Woodford**

The Complainant, a consumer, alleged the Respondent under-valued a residential property and that the report was unfair, not accurate and not reliable. Further, the Complainant stated the Respondent did not complete the appraisal in a timely fashion which hindered the close of the sale of their property. The Complainant stated the low valuation of their home caused them a significant loss because the sale price had to be lowered so the buyer would not back out of the agreement.

The Complainant had the following problems with the appraisal:

- The comparables used were not similar to the subject property (not of similar updated condition and did not have similar amenities);
- Respondent did not account for the 500 square foot basement of comparable one, but included it in the GLA;
- Comparable two had only three bedrooms (the subject had four) and had not received any upgrades since it was first built in 1995 and was a sale from almost a year ago;
- The reporting that the market was "stable" was false and property values have been increasing in their neighborhood;
- The third comparable used was 1.4 miles away from the subject and was a sale which was approximately a year old; and
- The fourth comparable used was 400 square feet smaller than the subject and had also not received any upgrades, according to the Complainant.

The Respondent states the following:

- He received the appraisal request, completed the assignment, and delivered it to the client six days later;
- The greater neighborhood area had many sales, but the subject's immediate neighborhood was used to illustrate market value;
- Respondent provided data on how his opinion of a "stable" market was arrived at;
- Comparables one and two were in immediate proximity to the subject and comparable three was used (though further away) because it had similar upgrades;

- Comparable one was a split foyer home and the majority of the square footage was above grade;
- He made adjustments for condition for comparables one and two;
- Although comparable four was an older sale, it was located next door to the subject and is a good indication of value trends in the subject's neighborhood; and
- He did not determine that there was a value difference for the difference between a three and four bedroom home in this market area.

Prior Complaint / Disciplinary History: None

**Recommendation and reasoning:** Mr. Woodford stated that it appeared the Respondent provided a reasonable and acceptable appraisal report that meets USPAP requirements and the rules of the TREAC. Based on review of the report and the additional e-mail information provided by both parties, Mr. Woodford is of the opinion that the complaint is without merit. Using information available, Mr. Woodford says it is apparent that the appraiser has not "undervalued" the property of the Complainant. Mr. Woodford recommended **dismissal** of this complaint.

**Vote:** A motion was made to approve the recommendation by Mr. Wade. Mr. Headden seconded that motion. The motion carried unopposed.

#### 12. 2007070191 - Reviewer: Mr. Headden

The Complainant, a supervisor appraiser, alleged that Respondent, his former trainee, used his electronic signature at her home on appraisals that had come into his office. Respondent admitted that she did attach his electronic signature without his knowledge, i.e.: Respondent admitted one appraisal report that she prepared was sent to the client on May 1<sup>st</sup> and then forwarded to the office on May 4<sup>th</sup>. Respondent has been a trainee for 2 years. She stated the supervisor had given her permission to complete and submit appraisals to clients without his review. Respondent now has a new supervisor. Mr. Headden held a settlement conference with Respondent.

**Recommendation and reasoning:** Letter to new supervisor stating he must certify her work from this point forward and recommended that Respondent re-apply for certified residential in no less than one year due to failure of this trainee to comply with Tennessee's rule requirement that all appraisals worked on by trainees be reviewed/supervised by their supervising appraiser.

**Vote:** A motion was made to approve the recommendation by Mr. Wade. Mr. Bullington seconded that motion. The motion carried unopposed.

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Being no further business, the meeting was adjourned at 4:20 p.m.

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Nikole Avers, Administrative Director

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William R. Flowers, Jr., Chairman